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Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Notice of Intent to Forfeit Surety and Opportunity to Cure

June 22, 2015

Hidden Splendor Resources, Inc.
Permittee and Operator
Horizon Mine, Permit ACT /007/020

C/O Alexander H. Walker, III
American Plaza II
57 West 200 South, Suite 400
Salt Lake City, Utah, 84101;

And
Denise Dragoo,
Snell & Wilmer
Counsel for Hidden Splendor Resources, Inc.
15 West South Temple Street, Suite 1200
Salt Lake City, Utah 85101

America West Resources, Inc.
Owner and potentially responsible party
57 West 200 South, STE 400,
Salt Lake City, UT 84101

Metro National Title Company
345 East Broadway,
Salt Lake City, Utah, 84111
Trustee under Deed of Trust with Assignment of Rents for Unit R 2404-N American Towers
Condominiums, as recorded with the Salt Lake County Recorder.

Estate of Cecil Ann Walker, and
Alex Walker III,
Timothea Kent,
Amanda Walker Cardinali
Beneficiaries of the Estate of Cecil Ann Walker

C/O Amanda Walker Cardinali
50 W. Liberty, Suite 880
Reno, Nevada 89501



Dan Baker
Wild West Equipment and Hauling
5495 West 350 North
Spring Glen Utah 84526

You and each of you are hereby given notice as permittee, operator, surety, and/or other potentially responsible persons as follows.

The Utah Division of Oil, Gas, and Mining has determined that it is necessary to forfeit all or part of the reclamation surety consisting of real property held as collateral for the reclamation of the Horizon Mine which is current under permit held by Hidden Splendor Resources, Inc. (HSR). This surety is evidenced and held by a Deed of Trust with Assignment of Rents for Unit R 2404-N American Towers Condominiums, as recorded with the Salt Lake County Recorder and executed by Alexander H. Walker, Jr. and Cecil Ann Walker, husband and wife on August 1, 2003 and recorded August 4, 2003 as entry 8759481, Book 8856, page 735 Salt Lake County Recorder.

This action is necessary because of the following actions by the Operator:

(1) HSR together with America West Resources, Inc., America West Marketing, Inc.; and America West Services, Inc., d/b/a Wildcat Loadout each have filed a voluntary petition pursuant to Chapter 11 of Title 11 of the United States Bankruptcy code and pursuant to the powers and procedures approved by the court sought to sell the Horizon Mine by auction sale and were not able to sell the mine operations and instead sold all of the equipment used and necessary to continue mining operations;

(2) HSR has failed to comply with an October 7, 2014 initial request and a December 2, 2014 final request by the Bureau of Land Management (BLM) to provide an updated resource recovery and protection plan, showing plans to operate or close the Horizon Mine;

(3) Since January of 2014, HSR has been issued eleven notice of violations (NOV's) and one failure to abate cessation order (FTACO); of these six of the NOV's were issued for HSR failing to conduct water monitoring or macro invertebrate surveys in accordance with their Mining and Reclamation Plan (MRP), four of the NOV's were issued for HSR's failure to perform routine maintenance of the mine site resulting in inadequate drainage controls, increased erosion and sediment transport outside the permit area, and one violation (NOV #10141) was issued for failure to maintain the sediment pond on site.

(4) On August 5, 2014, a failure to abate cessation order (FTACO) was issued to HSR for failing to complete the abatement measures identified in NOV #10141. To date, none of the fines associated with the NOV's has been paid and the FTACO remains outstanding.

(6) HSR has submitted inadequate requests for changes in post mining land use that have not been substantiated by evidence that the change is feasible and that fail to address the requirements for such a change as set forth in R645-301.

Forfeiture may be avoided by the permittee, operator, surety, or other potentially responsible persons by taking the following actions and complying with either of the following conditions within thirty (30) days of the receipt of this notice.

(1) The permittee, operator, or other party must provide the Division with evidence of an enforceable agreement with a qualified party to perform the reclamation operations in compliance with a schedule which meets the conditions of the current permit, the reclamation plan, and the State program; provided that such a qualified party must demonstrate financial, legal, and technical ability to timely complete the work and the work must be fully funded.

(2) The surety or any of the parties with an interest in the collateral provided as surety, may agree to perform the work required by the reclamation plan, if the surety (or party with an interest) can demonstrate an ability to complete the required work in accordance with the approved plan; provided that the surety is able to demonstrate financial, legal, and technical ability to timely complete the work.

If you have any question you are urged to contact the Division. You are directed to take all necessary action to comply with this notice. If no actions as proscribed herein are taken forfeiture proceedings will be filed with the Utah Board of Oil, Gas and Mining seeking an order to foreclose and sell the real property held as collateral surety.

Dated this 2nd day of June 2015

A handwritten signature in black ink, appearing to read 'Dana Dean', is written over a horizontal line.

Dana Dean, Associate Director
Utah Division of Oil, Gas and Mining.

DD/vs

cc: Bureau of Land Management